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AUTHOR Fram, Eugene H.
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ABSTRACT

The potential value of marketing principles to help solve educational problems in higher education is addressed. Four variables that are within the decision power of those in higher education and those in the commercial world are the product, distribution, promotion, and price. The marketing concept demands that policies be built on a base of customer needs and wants and requires serious research of the market. In the business world, sales depend upon customers perceiving value of the product being sold, while the higher education institution must offer something of value to students, donors, and others. For example, auxiliary services beyond education may be important to students (i.e., day care centers so that mothers can attend classes). It is claimed that teachers and the academic community have the responsibility to provide a realistic information base that the students can use to assess how to use the education they are receiving. It is suggested that good selling on the part of faculty members will continue to be an important ingredient for attracting and retaining students. Faculty also need to gather data that can determine which curricula are marketable on both a short-term and long-term basis. It is important for college administrators to conduct research to determine what influenced a student's college choice so that they can undertake realistic institutional planning and reform. It is suggested that college pricing has generally been rigid and may have worked against the growth of some segments of the institution. Variable pricing of tuition may be a reasonable alternative. The value of promotion techniques and a marketing plan is noted. (SW)

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POSITIVE STEPS FOR MARKETING HIGHER EDUCATION

By

Dr. Eugene H. Fram
Professor of Marketing
Director, Center for Management Study
College of Business
Rochester Institute of Technology

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Introduction

Problems faced by higher education in the last several years have led some educators to conclude that a business minded approach to education has merit. In other words, institutions of higher learning may look toward business help for solutions to some of their problems. Concepts such as cost-benefit analysis, management by objectives, systems analysis have been included in the language of college and university administrators. Overviewing this movement, it becomes clear that problems faced by business organizations are not that much different than those faced by any human organizations, although organizational outputs might be different; e.g., products versus educated people.

Business approaches used by colleges and universities to date have largely emanated from the financial function of the business community, and this beginning relationship is reasonable because financial problems are similar across institutions. In the last 18 months, another business function -- marketing -- has surfaced as an area in which business approaches might assist higher education. In fact, marketing principles may be of greater value than financial principles to solving educational problems. In the business sector, the job of the marketing function is to help the organization focus on the needs and wants of current and potential customers. If marketing approaches are applied to

institutions of higher learning, they can likewise help the college or university to focus on its "customers" - students, alumni, donors, and governmental agencies.

In the recent period in which marketing educators have been writing about the similarity of educational and marketing problems, much of the analysis has been an overview. For example, one writer has concluded a faculty member is really trying to sell an idea when he submits a research proposal. (6, p. 370)

The aim of this paper is to take pragmatic steps to (1) show the decision variables and histories of both fields are similar; (2) indicate the marketing philosophy which some businesses have used to solve their problems and to maintain growth; and (3) provide guidelines which educators can use to benefit from the business experience.

Similarity of Variables

Business and educational decision makers are confronted with controllable and uncontrollable variables.[1] Uncontrollable variables, obviously, are those which the decision maker must assess but which he can not directly control; e.g., culture, general economic environment, social trends. These affect the future and well being of both the educational institution and the business organization.

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[1]For further discussion of this model in business see: E. J. McCarthy, Basic Marketing: A Managerial Approach (Homewood, Illinois), Richard D. Irwin, 1971.

On the other hand, four variables are within the decision power of those in higher education and in the commercial world.

Variable	Business	Education
1. Product	Which product or service to market?	Which curriculum or service to offer students, the alumni, or the general community?
2. Distribution	Movement of goods to various locations, storage of goods.	Where to offer services; e.g. on/off campus, T.V. courses, etc.?
3. Promotion	Methods of informing customers about company and products.	Act of communicating with students, potential students, alumni, donors, general community.
4. Price	Prices which will attract the greatest number of profitable customers.	Tuition levels which will enable school to service greatest number of students in an "efficient" manner.

A Similar History

Both higher education institutions and business organizations have faced similar problems in the past - a failure to respond to customer demand. Glenny reports (3, p. 11) that from the 1830's to the 1850's college enrollment dropped because the

Latin and the Greek classical education provided did not seem relevent to the times. As a result, land-grant agricultural and mechanical arts colleges were developed. In a similar fashion, traditional retailers were slow to respond to changes in marketing needs after World War II, and the discount store approach took hold and has continued to flourish. Industrially, the concept of Xerography was very difficult to market. In essence history has indicated that both the institution of higher learning and the business organization can suffer by being unresponsive to current needs.

Solution for the Business Organization

In the 1950's as business competition began to heighten as a result of wartime production capacity being directed to the manufacture of civilian goods, the marketing community developed a philosophy or approach that is commonly called the marketing concept. The marketing concept calls for a business state of mind to gear itself to first assessing customer needs and wants and then to manufacturing goods (or providing services) to meet these needs and wants. In contrast, according to the product philosophy, the organization begins with a manufactured product it thinks has a good chance of sales success, and the sales function is given the responsibility of planning and implementing the necessary promotional effort. The product is successful, if it happens to meet a need.

In summary, the marketing concept demands company policies

be built on a base of customer needs and wants, while the product concept begins and focuses on product sales. Although the difference may seem semantic, the operational consequences can be substantial. The difference is that the marketing concept calls for serious "research" of the market prior to introduction; while the product concept calls for continual attempted selling of developed products - some of which need may not have a market. Historically the 1830-1850 situation discussed by Glenny provides a good example for higher education. Colleges and universities were attempting to sell (product orientation) classical education while the market wanted a more applied curriculum. Are many schools today using a product approach when in reality they should be using a marketing approach?

Kotler and Dubois summarize the situation with the following analysis:

> ....Rather than adjust to current student desires, they [one class of universities] prefer to sell it [education] as a product that consumers should want. They resort to a classic persuasion strategy, which is to change the consumers' attitudes rather than the product [product orientation]. ....The other class of universities have, along with the students, some misgivings about their product and above all see the necessity of it being seen as desirable in terms of the "purchaser's" standards. So they venture to find what students and the society-at-large want, and then attempt to reshape their product into one that meets market desires [marketing orientation]. (4, p. 12)

'General Electric, in the industrial world,' is credited with being the first company to formally adopted a marketing viewpoint (in 1952) as corporate policy, and the electric can opener and electric knife are successful products which were developed from its utilization. Today it would be difficult to find a business organization which would not openly subscribe to the viewpoint, but putting the state of mind into operation is hard. Many firms in reality still work on a product philosophy, and as a result the rate of new product failure remains high.

Problems businessmen have experienced in implementing the marketing concept are of considerable interest to those in higher education. Most of these problems center around getting the basic marketing assessments. In all types of profit and nonprofit human oriented activities, projection of the future environment is difficult. It comes down to the old problem that there is often a difference between what customers say they will do and what they actually do. In fact, customers often are not aware of their own needs and wants, and to listen to "surface" statement can lead to disaster. One college, as an example, made a serious error when they accepted student statements as guidelines for dormitory room size. The students indicated, on the surface, they wanted large lounge areas at the expense of room size. After the building was completed it was discovered the lounges weren't used very much, and the small rooms were causing many morale problems. A marketing approach to this question would have called for a more sophisticated analysis of student living styles.

Compounding assessment difficulties are the uncontrollable variables, e.g., the economic climate. The recent economic recession has changed many views on what a higher education can and should do for a student. Despite all the difficulties described above, a substantial number of business organizations successfully have utilized the marketing approach and continually have attempted to probe the market as a vehicle for better serving its customer. The marketing man does this with the realization that "nothing happens until a sale is made". And sales depend upon customers perceiving value as to what is being sold. Similarly, the institution for higher education must offer something of value to students, donors and others in order to survive. For example, auxiliary services beyond education may be important to students. Some schools have recently established day care centers (as a service device) so that Mothers can attend classes. This has been a radical departure for schools.

Although difficult, the assessment problem encountered by the marketing fraternity has been ameanable to partial solution through various types of research plus some "simple minded fact finding". Marketing men have borrowed heavily from the academic disciplines; and consequently the academic community has a wealth of approaches to utilize in solving its assessment problems with familiar toals.

In the business arena, the marketing approach has impacted both <u>people</u> and <u>processes</u>. Its wide spread use in academia should have a similar effect.

Affect on People

Faculty - Similar to salesmen in a business organization, the Faculty have continual contact with the important group of customers, the students. If they are to function effectively, they must come to the understanding that they are salesmen for the institution. This does not mean that they should be hired or fired by students as in the medieval university nor does it mean that (as stated before) the customer is always right. Experience has shown that he often does not understand his own needs and wants. In addition, the faculty member has an obligation in undergraduate education to help the student mature which means that he must hold standards equal to the outside world which the student will face upon graduation. This is not always easy in many fields where "real world" standards are ambiguous.

On the other hand, selling the student means that the professor offers easy access for guidance; has an empathy for student problems and concerns; and interacts with the student or some meaningful basis. This type of relationship is quite opposite to the sterile environment where the professor provides a series of lectures (most likely taken directly from the course text) plus two or three examinations (usually multiple choice or true/false).

As a salesman, the professor must help his customers to use a product (2, p. 8 and 1, p. 11-12). Simple observation of the marketing process shows the concern of many producers involved

with helping the customer obtain maximum benefit from product utilization. Instructions are given as completely as possible, and with bigger ticket items, a good sales approach requires post purchase contact of some manner. This activity has been subject to much study because the facts show that satisfied customers tend to reflect a good image to other buyers.

Many professors are involved with their subject matter fields, and they pay little attention to the use students make of their education. Some may even encourage students to prepare for fields which are currently overcrowded and will continue to be overcrowded for a number of years in the future. For example, some universities continue to expand Ph.D. programs despite obvious problems in the academic marketplace.

Professors, in particular, and the academic community in general have the responsibility to provide a realistic information base which the student can use to make an assessment of how to use the education he is receiving. In the commercial world, a good salesman does this with realism because he knows an undersold (undereducated in the case of education) or oversold customer quickly communicates his dissatisfaction to others. Since traditional (not proprietary) higher education is likely to face a declining market for some time, good selling on the part of faculty will continue to be an important ingredient for attracting and retaining students.

Since curriculum in most schools is under the control of Faculty, the Faculty must also assume the role of a marketing manager. In industry a marketing manager must make the decision

on how to satisfy customer needs and wants. Relating this activity to curriculum development, the Faculty needs to gather the hard and soft data (e.g., objective studies and case analyses) which can help to lead to curricula which can be marketable in both the near or long term. This is a most difficult process as most faculty have very specialized interests, and in some instances, the realities of the marketplace may conflict with vested interests. Curriculum committees generally have been rather slow vehicles for change. When the professor assumes his role as a marketing manager, he will have to acquire a new perspective on the relationship of the curriculum product to the student buyer. In general he will have to quicken the tempo from product design to marketplace sale.

In summary, a marketing philosophy in higher education proposes that Faculty become salesmen and marketing managers. This two fold responsibility requires them to first create the curricula to meet customer (students and society) needs and wants; and second to be good salesmen in their contacts with student customers.

Students - A well executed marketing approach creates satisfied customers. The question every college or university must ask is, "What satisfies students?" The academic portion discussed above is only one aspect of a student's collegiate education, and needs for dormitories, campus social life, psychological support services, and so forth will vary among schools. The recent turbulent decline of *in loco parentis* indicates that some student support services were kept beyond the

period of customer need.

A marketing philosophy requires that one make it easy for the customer to buy. Colleges and universities place restraints on the buying process through admissions procedures. For example, the name "Admissions Office" itself provides a connotation that if one is sufficiently persistent the institution may be generous enough to admit him.

Businesses have been plagued by poor management preconceptions as to why customers do or do not purchase their products. The author has seen top executives make value judgements about customers using themselves or their families as examples. Observably, the life style of an executive of a multimillion dollar or billion dollar corporation is quite different from the "average" family to whom he is marketing. Marketing oriented business executives do not let preconceptions get in the way of good decision making. The collegiate or university administration should follow the same path and make researched determinations why students picked its school. They may find to their surprise that the academic programs are not on the top of the list in the students' decision processes. At the top may be social life, geographic location, urban or rural environment, etc. Although this information may be difficult to accept, by those involved with academic curriculum, it is valuable data for institutional planning and reform.

Some educators may feel, "Current students .... are in a sense 'captive customers' of the university. Having decided to come to the particular university, they are largely stuck with

the decision. It is not easy for them to discontinue the product or switch to another brand." (4, p. 20) This point of view indicates that marketing is not needed for current students. However, it ignores the great growth in transfer students from community colleges; the willingness and necessity of private institutions to liberally accept transfers; and the increasing mobility of students in interrupting their studies at various times. As it is now developing, marketing to current students will become an ever increasing activity because the ability of the student to switch to another "supplier" is growing rapidly.

Consumer behavior is an emerging field of study within the marketing framework. The objectives of this endeavor are to help the marketing man better understand the variables that cause people to purchase or fail to purchase. It would seem that higher education could move in the same direction with their student customers.

Alumni - Alumni are customers who have purchased an educational product from a school. In dollar terms, each in recent years may have spent $20,000 or more for the product, and this makes it a high priced one. On the marketing scene, high priced products call for manufacturers' guarantees or warranties. (2, p. 6-7; 1, p. 8) What guarantees do colleges and universities offer on their educational product? What assurance does the student have that his learning will not become obsolete quickly? A marketing viewpoint would require that educators make a continuing education provision for the student, as a guarantee, that his educational package will remain viable for a reasonable length

of time considering his vocational interests. A few colleges have given lip service to real continuing education, over an extended life time period, but few, if any, have implemented the idea.

Except for a few prestigious schools, the rate of alumni financial support has been modest. Perhaps part of the reason for this problem is that institutions of higher learning offer alumni very little of significant value once the degree is earned. If alumni are considered part of one's target market, a marketing viewpoint would dictate that alumni's needs and wants be assessed in the same manner as anyone else associated with the academic community. (For example one college did a marketing type readership study of its alumni publication, and changed its format completely when it found that the alumni were reading stories with pictures and ignoring stories with straight copy.) And it would seem that if the alumnus is viewed as a customer, the first need he may have is protecting from obsolescense that multithousand dollar investment in the degree purchased.

General Community - A college or university does not stand alone; it is in constant interaction with people in its community. It is the natural tendency of many academicians to cloister themselves away from the general community. However, recent events (especially the student riots of May, 1970) clearly indicate that separation of "town from gown" is no longer an educational reality. Consequently, the college or university must market itself to those who live around it.

Related is question of image within the general community.

Like the other markets discussed above, this calls for understanding of the community's image of the school as it exists, not as those within the college or university conceive it. Images are very hard to change and two writers (4, p. 29) reveal that major changes in public images are apt to take at least five or 10 years. This writer is acquainted with one school which changed its name in 1944. Today, many older members of the community still refer to it by its pre1944 name. This is inspite of radical changes in school program, location and student body.

College and universities should (indeed must) be cognizant of the image held by the surrounding community. If the image is a desired one, marketing techniques are available to help reenforce it. Marketing can also help if a change is required, but much time is needed. The important point is for the educator to use the tools available to make the image assessment. This is the contribution a marketing viewpoint can make to the higher education arena.

Administration - Integrating the marketing state of mind into the actions of business organizations has been successful where it has support from top management; it has not been a grass roots movement. The need for high level support of the philosophy is that its implementation requires plans to become more precise and formal in character. Ever present in planning is the question of hard-to-define market requirements.

For institutions of higher learning, top administration must assume certain responsibilities. It must set the "style"

by making sure that all concerned with problems have reasonable (perfection is unattainable) market data on which to make decisions. This might seem like a superfluous observation for institutions which have had a long research history, but higher education itself is a poorly researched field. Top administration needs to get faculty, administration and students to think in long term plans; plans which must be oriented to current and future markets for education. This top support must be an active one as many commercial firms have found that top management talks about being marketing oriented, but by a lack of questioning and follow through, it allows the company to slip back into a product oriented approach. Constant top management attention is mandatory.

Effect on Processes

Pricing - In pricing the educational product the consumers must be also considered because they are the ones who will accept or reject any price. (1, p. 5-6; 2, p. 8) In the business environment the marketing man focuses on how the consumers perceive price. Consequently, he may price some items lower because of low demand and/or cost and other items higher. He works on an averaging process (called variable pricing) over a number of items to give him a reasonable or better return. It has been shown repeatedly that if his price becomes too high (i.e., too much profit) an efficient competitor will eventually enter the market, reducing the former's market share.

Applying this principle to college and university pricing, one perceives a rigidity in pricing approach that may have worked against the growth of some segments of the school. Is it fair and "market wise" to charge the same price to English major "X" as Chemistry major "Y" when it costs much more (through fixed overhead) to educate the latter than the former? In reality, the English program, in this example, is carrying the burden for the Chemistry program! Another question could be raised on price as it relates to the student status in the program. It is well known that most schools charge the same tuition for the freshman student as they do for the senior student. Yet the cost of educating the senior student is higher because of smaller and more specialized classes.

With the financial pressures facing colleges and universities, it appears variable pricing of tuition would present a reasonable alternative to higher education pricing. Variable pricing would provide a better balance and relate cost more realistically to demand. No doubt, it would have a detrimental affect on high priced special programs, but perhaps this is a desirable market dictated outcome. As a result, schools may be forced to examine realistically the cost of programs in relation to society.

Promotion - Although many have a simplistic view (dollars invested automatically brings results) of the power of promotion (which includes advertising, public relations, personal selling and display), within the marketing community, there is much debate about the ability of advertising to persuade people.

For example, nonphosphate detergents could not have been sold ten years ago. Consumers were not cognizant of the need for pollution control.

As schools have been confronted with declining enrollment and attendant financial problems, the reaction of many has been to revamp the catalog, (e.g., add color); print "slick" brochures; and flood potential applicants with all types of print media describing the wonders of its campus. All of this is being done without asking the question of what is the best way to reach the potential customer.

How can colleges and universities use promotion effectively within a marketing context. There are many ways of accomplishing this end, but a first step would be to assess current promotional approaches. How many schools have attempted a readership study of catalogs to determine what students and parents have or have not read? How many schools have surveyed their student body in depth to determine why and how they arrived at the decision to register at the school; and more appropriately why did students withdraw their applications? Required is more than a simple multiple answer questionnaire usually administered at an orientation period.

In essence, the question of the promotional appeal for an institution of higher education goes right to the heart of the marketing appeal itself. A college or university is competing for enrollment, endowment, grants, etc. Customers who have the potential for associating themselves with it, overtly or subtly, seek to find a school that is different. It is up to each

school to assess realistically that difference and then choose the promotional approach which best communicates it.

Distribution - Distribution problems concern the locations in which products should be offered. This is an area in which there has been considerable educational "action". Outcomes have been the growth of community colleges, and expansion of university opportunities via branching of various state universities. New York has started the Empire State College under which a degree conceivably can be earned without attending formal classes. Adding to these opportunities are remote capabilities offered by new instructional technology. In all, the educational establishment has done well in distributing its product. Marketing techniques can be of continuing support by helping educators to better assess new locations for service.

The Marketing Plan

Marketing can be described as a method for getting the right product to the right customers at the right time. Those in higher education can make this a useful tool. However, it does take planning of a different character than in the past. This plan itself might well be described as a marketing plan, and the marketing plan of business organizations can be used as a model.

At the beginning point, the businessmen asks himself who constitutes his target markets. Marketing men have for years worked on the premise that their customers' markets, although homogeneous in appearance, are composed of a number of different subsets, or segments. For each of the segments, needs and wants

are assessed. Then specific products are matched to segments and coordinated activities are established for pricing, distribution and promotion, with continual monitoring taking place while the plan is in operation.

It would seem that a formal marketing plan could be similarly established for higher education. However, prior to this, the institution as a whole probably would have to have a commitment to a marketing philosophy. On the other hand, even without a total commitment, the experience of the business community could be applied in separate areas; e.g. alumni relations, student recruitment, advertising.

Summary

Marketing concepts have not been utilized in higher education. However, colleges and universities have products and markets, and in order to survive, they must be able to match their educational products to the needs of various target markets through pricing, promotion and distribution. Controlling the situation are the people in the various target markets, and they must perceive the benefits in the educational products being purchased.

In business firms, the marketing function must insure that the match between products and markets is the best one available, and then to bring the two together through pricing, promotion and distribution. In the higher education environment, a marketing approach can help the college to focus on the customers and to make realistic assessments of who they are and where they are going. The alternative is institutional death.

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